

Message Text

LIMITED OFFICIAL USE

PAGE 01 BANGKO 11131 221235Z

70

ACTION EA-09

INFO OCT-01 ISO-00 EB-07 L-03 TRSE-00 COME-00 OPIC-03 /023 W

----- 048656

R 221017Z APR 76

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 4388

LIMITED OFFICIAL USE BANGKOK 11131

E.O. 11652: N/A

TAGS: BDIS TH US

SUBJ: LEVI STRAUSS (THAILAND)

REF: STATE 095121

SUMMARY: LEVI STRAUSS (THAILAND) IS INDEED IN TROUBLE, AS APPARENTLY ARE A LARGE NUMBER OF OTHER THAI AND FOREIGN FIRMS CURRENTLY BEING INVESTIGATED FOR SUSPECTED EVASION OR AVOIDANCE OF PAYMENT OF CUSTOMS DUTIES. IN PAST FEW DAYS, THIS HAS BECOME A MATTER OF CONSIDERABLE CONCERN TO AMCHAM. ACCORDING LEVI STRAUSS, ALL CASES SETTLED SO FAR HAVE BEEN NEGOTIATED OUT OF COURT. CUSTOMS AUTHORITIES SEEM TO BE ACTING COMPLETELY WITHIN THEIR LEGAL RIGHTS. END SUMMARY.

1. AT EMBASSY'S INVITATION, LEVI STRAUSS (THAILAND) REPS CALLED AT EMBASSY APRIL 21 AND CONFIRMED THAT THEIR RECORDS HAVE BEEN SEIZED BY THAI CUSTOMS AUTHORITIES AND COMPANY IS BEING QUESTIONED ABOUT SUSPECTED EVASION OR AVOIDANCE (WORDS ARE THE SAME IN THAI) OF CUSTOMS DUTIES AND BUSINESS TAX ON IMPORTED GOODS OVER PAST SEVERAL YEARS. STRAUSS REPS SAID THEY ARE BEING TREATED FAIRLY BY CUSTOMS AUTHORITIES, WHICH HAVE PERMITTED THEM TO XEROX COPIES OF ALL DOCUMENTS SEIZED. ALTHOUGH THEY HAVE RETAINED COUNSEL, THEY ARE NOT USING HIM, HOPING TO NEGOTIATE A SETTLEMENT DIRECTLY. THEY EXPECT AN ASSESSMENT TO BE MADE NEXT WEEK. THEY HAVE BEEN INFORMED BY CUSTOMS THAT SO FAR NO CASES HAVE BEEN TAKEN TO COURT.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BANGKO 11131 221235Z

MOST COMMON SETTLEMENT HAS INVOLVED PAYMENT OF EVADED

CUSTOMS DUTY, PLUS PENALTY ((SINCE CUSTOMS DUTY EVASION IS CRIMINAL OFFENSE) OF TWO TIME THAT AMOUNT, PLUS UNPAID BUSINESS TAX (A CIVIL OFFENSE), PLUS ONE PERCENT PER MONTH INTEREST ON THIS AMOUNT OVER THE YEARS. STRAUSS REPS SAID THAT IN THEIR CASE, THIS MEANS GOING BACK TO THEIR BEGINNING IN THAILAND. THEY CONFIRMED THAT THE POTENTIAL MAGNITUDE WAS GREAT ENOUGH TO HAVE SUBSTANTIAL EFFECT ON THEIR COMPANY OPERATIONS. THEY HAVE NOT ADMITTED GUILT, BUT CONCEDED THAT THAI AUTHORITIES HAVE A STRONG CASE AGAINST THEM.

2. STRAUSS REPS SAID THAT OFFICES AT CUSTOMS DEPARTMENT'S PREVENTION AND SUPPRESSION DIVISION ARE STACKED HIGH WITH RECORDS OF COMPANIES BEING INVESTIGATED, WITH MORE BOXES OF THEM BEING CONSTANTLY BROUGHT IN. CUSTOMS AUTHORITIES GAVE THEM NAMES OF AT LEAST SIX OTHER AMERICAN, JAPANESE AND THAI COMPANIES BEING INVESTIGATED. ACCORDING TO AMCHAM, ONE AMERICAN COMPANY HAS BEEN TOLD BY CUSTOMS THEY HAVE COMPILED LIST OF 2,000 COMPANIES SUBJECT TO INVESTIGATION. RECENT MEETINGS OF AMCHAM'S TRADE EXPANSION AND TAX & LEGISLATION COMMITTEES DEVOTED ALMOST FULL TIME TO THIS QUESTION. AT APRIL 21 MONTHLY MEETING OF ENTIRE CHAMBER, AMCHAM PRESIDENT INFORMED MEMBERSHIP OF CUSTOMS CAMPAIGN, SAID HE HAD BROUGHT IT TO ATTENTION OF THAI BOARD OF TRADE, AND INVITED AFFECTED MEMBER COMPANIES TO INFORM CHAMBER OF THEIR PROBLEMS. AMCHAM EXECUTIVE DIRECTOR INFORMED EMBASSY THAT BOARD OF TRADE, USUALLY RATHER COMPLACENT ABOUT RTG ACTIONS, SEEMED MOST DISCONCERTED ABOUT REPORT THAT 2,000 COMPANIES MAY BE INVOLVED.

3. AMCHAM EXECUTIVE DIRECTOR, OBVIOUSLY CONCERNED, SAID THAT DESPITE ADVERSE EFFECT THIS COULD HAVE ON LOCAL INVESTMENT CLIMATE, AMCHAM AND MEMBER COMPANIES COULD HAVE VERY LITTLE LEVERAGE ON RTG OR EVEN BASIS FOR COMPLAINT SINCE, EVEN THOUGH UNPAID DUTIES (DUE TO UNDER-INVOICING) MAY HAVE STEMMED FROM IGNORANCE OR MISINTERPRETATION, THAI AUTHORITIES CLEARLY HAVE RIGHT TO ENFORCE THEIR LAWS. STRAUSS REPS SAID THERE IS BUILT-IN INCENTIVE FOR CAMPAIGN TO CONTINUE, SINCE CUSTOMS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BANGKO 11131 221235Z

REGULATIONS PERMIT PAYMENT OF FROM 35 TO 55 PERCENT OF COLLECTED PROCEEDS TO GO TO INFORMERS.

4. ALTHOUGH WE HAVE LEARNED UNOFFICIALLY OF NAMES OF SEVERAL AMERICAN COMPANIES ALLEGEDLY AFFECTED, NONE HAVE VOLUNTARILY REPORTED PROBLEMS TO EMBASSY. LEVI STRAUSS REPS SAID THEY HAD SEEN NO REASON TO INFORM EMBASSY, AND EXPRESSED SURPRISE THAT THEIR SAN FRANCISCO

OFFICE HAD TELEPHONED DEPARTMENT. STRAUSS REPS SAID
THEY WERE NOTRPT NOT ASKING FOR EMBASSY INTERVENTION.

5. COMMENT:. THERE SEEMS TO BE NO EVIDENCE OF DISCRI-
MINATION AGAINST AMERICAN COMPANIES IN THIS DRIVE AND,
UNLESS WE LEARN OF INSTANCES OF UNDUE HARASSMENT OR
UNWARRANTED PENALTIES LEVIED AGAINST THEM, THERE SEEMS
TO BE NO BASIS FOR EMBASSY INTERVENTION AT THIS TIME.
AT THIS JUNCTURE, THE MOST EFFECTIVE APPROACH WOULD
APPEAR TO BE FOR EACH COMPANY TO DISCUSS ITS CASE
DIRECTLY WITH CUSTOMS IN EFFORTS TO RESOLVE MISUNDER-
STANDING. REGARDLESS OF WHETHER OR NOT RTG IS WITHIN ITS
RIGHTS, CAMPAIGN CAN ONLY HAVE ADVERSE EFFECT ON ALREADY
POOR INVESTMENT CLIMATE. HOPEFULLY, THE BOARD OF TRADE- AND
THE SEVERAL CHAMBERS OF COMMERCE WILL BE ABLE TO MAKE
THIS POINT TO THE RTG. WE WILL CONTINUE TO MONITOR
SITUATION AND KEEP DEPARTMENT INFORMED OF NEW DEVELOPMENTS.
WHITEHOUSE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 22 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ullricre
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BANGKO11131
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760153-0408
From: BANGKOK
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760436/aaaabdta.tel
Line Count: 133
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 95121
Review Action: RELEASED, APPROVED
Review Authority: ullricre
Review Comment: n/a
Review Content Flags:
Review Date: 02 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 JUN 2004 by BoyleJA>; APPROVED <29 SEP 2004 by ullricre>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LEVI STRAUSS (THAILAND)
TAGS: BDIS, TH, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006